

Penny
DISCONTINUATION

DRAWER 21

COINS

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Coins

Discontinuation of the Penny

Excerpts from newspapers and other
sources

From the files of the
Lincoln Financial Foundation Collection



You

The incredible shrinking PENNY

By DICK OLIVER

THEY DID it to the half-penny in 1856, the two-cent piece in 1873, and the three-cent coin in 1889. The time has come to do it to the most useless coin in your pocket. Abolish the penny.

You may be surprised to learn that any number of studies by the U.S. Treasury Department have reached this conclusion. And now the U.S. Mint has released figures that make outright abolition the only sensible way to go.

Consider this fact: There are now more pennies being hoarded than in circulation. Since 1959, when the penny was redesigned to include the Lincoln Memorial, the government has produced and put into circulation 195 billion of these pennies.

The official and most recent estimate, according to Mike Burke of the U.S. Mint's public affairs office, is that only 91 billion pennies are in daily circulation (not counting pennies produced before 1959). This leaves at least 104 billion pennies that Americans are now storing away in jars, piggy banks, coffee cans, cigar boxes, in old purses and in the linings of grandpa's double-breasted suit, among other places.

This means that more than \$1 billion in cash is going unused, uncirculated, wasted each day, each month, each quarter, each year. Imagine the overnight interest on this amount. That old adage should read: "A penny saved is a penny lost."

The reason so much money is being squirreled away is quite simple: the penny is useless in its present form—that is, as 104,000,000,000 individual pennies. Individually or in groups of twos or threes, they are not worth the trouble anymore.

The days of penny Tootsie Rolls, gumhalls, jawbreakers, marbles, balloons, post cards, pencils or fortune machines are gone forever. Face it: You can't buy anything that's worthwhile for a penny any more. An excellent measure of this is children. Try giving a kid some pennies. It's as though you left some bird droppings in the little one's paw. ("Ma, I don't want to go to Uncle Dick's any more. He keeps giving me those filthy penny things.") Don't do it on Halloween; you'll get a brick through your win-

dow. Try handing some out to a bum or a guy cleaning your windshield. No, on second thought, better not.

The fact is the penny is now worth less than one third of what it was in 1967, when it bought very little if anything.

I tried an experiment the other day. First, I asked a newsstand guy for change of a dime. He gave me two nickels. "No," I said. "Give me 10 pennies." He looked at me like I was out in the sunshine too long. (What does he want with 10 pennies?), then counted them out for me.

I took the 10 pennies, and furtively placed them on the sidewalk, heads up for the superstitious, about 10 feet apart, in front of the Daily News

Not even
a bum
will stoop
to pick up
a penny today.

Building on E 42d St. during the busy lunch hour. Thousands of people went by and nobody picked up even one. Nobody. Not even the occasional homeless person or bag lady. It's not that they didn't see them; they did. It's just that it's not worth the trouble to bend down for a penny any more.

Now, after having said 89 times that you can't buy anything with a penny, I'm certain that somewhere, someone will pop up with something you can do with them, like feed the parking meters in East Jehovah, Utah. But, aside from these quaint aberrations, pennies are a daily nuisance for millions of Americans (not to mention foreign visitors).

Some of us carry them around with us. This truth came to me recently when I found myself using the twisted logic of Vietnam on my pants pockets. You know, "We have to destroy this village in order to save it." I often take three pennies along

with other coins to help meet the day's expenses. Why, I asked myself, am I taking the pennies along? Because, I answered, I can then make exact change so I won't be stuck with more pennies. You're right, it's nutty. I am carrying around pennies so that I don't have to carry around a lot of pennies. Get the idea?

Obviously, the penny should be abolished. Take it out of circulation and round off purchases to the nearest nickel. If the final digit is 1 or 2, make it 0; 3, 4, 5, 6 or 7 becomes 5, and an 8 or 9 becomes 0. If something is \$4.12, you pay \$4.10; if it's \$4.14, you pay \$4.15, and \$4.18, you pay \$4.20.

By the way, there's nothing radical about this. Include among those for getting rid of the penny former Treasury Secretary William Simon.

Sure, there will be those who'll try to take advantage of the situation by jacking up prices. But does anybody take "SALE—\$4.99" seriously any more? It's just as likely to become "SALE—\$4.95."

Whatever. The time has come. This is no rap on the venerable Lincoln head coin. Last year, the U.S. Mint commemorated the 75th anniversary of the Lincoln penny, first minted in 1909. It has had a great run, the longest run of any U.S. coin.

At that time, Mint Director Donna Pope announced that the nation's penny shortage was over. Sure, it's over. That's because the U.S. Mint is now pumping out pennies by the billions—4.5 billion in 1983, 13.5 billion in 1984, and 11.5 billion this year and next. Most of them will wind up where they belong—in old Galle wine bottles or under the socks in dresser drawers, never to see the market place again.

What did Abe Lincoln do to deserve this? He abolished slavery. Let's reciprocate by abolishing the penny and save Americans from the daily slavery of dealing with this national disgrace.

Make America penniless!



Penny: Wise?

Some argue that the Lincoln coin is an obsolete nuisance and should be scrapped.

Others say it's a venerable American icon and must be preserved.

By Judy Hevrdejs
TRIBUNE STAFF WRITER

A shiny new version of the Lincoln penny, stamped with 2000, is working its way into pockets and purses, just in time for the 16th president's birthday.

It will, like its predecessors, inevitably end up in coin collections, on city streets and between cushions on room sofas.

Such is the fate of the 10 billion to 13 billion or so Lincoln pennies produced each year. It is America's oldest coin still in circulation and, perhaps, its most controversial.

"The penny is a peculiar thing because people perceive it as a nuisance. They don't perceive it as having any purchasing power," says U.S. Mint spokesman Michael White. "But anytime people are polled, roughly 6 out of 10 favor keeping it."

Americans for Common Cents, a pro-penny group based in Washington, D.C., would be the first to agree, noting on its Web site: "Current and future generations of Americans deserve to live in a country where a penny saved is truly a penny earned."

Begging to differ is the Coin Coalition, an anti-penny organization also in D.C.: "Elimination of pennies from cash registers would save consumers and retailers time and money," it says on its Web site.

Such debates are not limited to cyberspace, nor office watercoolers nor family dinner tables. Congress has considered dumping the penny several times in the last 25 years.



SEE PENNY, PAGE 8

Tribune photos by James F. Quinn

Thoughts for your penny

● The first one-cent coin in the U.S. (known as the Fugio cent) was minted in 1787. In 1859, the Indian cent depicting an Indian princess was introduced. The Lincoln cent entered circulation on Aug. 2, 1909.

● The penny (or cent coin) began as pure copper, has changed in composition over the years, and is currently copper-plated zinc (97.5 percent zinc and 2.5 percent copper).

● The penny weighs 2.500 grams and is 1.55 mm thick.

● Until the Lincoln penny was introduced, U.S. coins had avoided using portraits of historic figures in regular series. Putting the 1909 Lincoln penny into circulation was fueled by public sentiment surrounding the 100th anniversary of Lincoln's birth.

● All portraits of the presidents on coins face left except Lincoln's, which faces right — the choice of portraitist-sculptor Victor David Brenner.

● The obverse side (with Lincoln's head) features the artist's initials (VDB) in tiny letters under the right shoulder along the rim — and is usually almost worn off on all but the newest pennies.

● Coins generally have a life span of 25 years. When "uncurrent" (worn yet recognizable) or "mutilated" (chipped or fused, for example) they head back to the mint. On the Lincoln penny, Abe's cheekbone and jaw are usually the first to show wear.

● In 1909, with the Lincoln penny, the words "IN GOD WE TRUST" were added to the one-cent piece, joining the prescribed elements: the word "LIBERTY" and the date.

● And "E PLURIBUS UNUM"? It means "One out of many."

● On Feb. 12, 1959, the wheatheads on the penny's reverse side were replaced by a Lincoln Memorial design by Frank Gasparro (his initials are near the shrubs on the right side of the memorial's base). Gasparro is also credited with the half-dollar's Heraldic Eagle and both sides of the Susan B. Anthony dollar coin.

● More one-cent coins are produced than any other denomination. It is estimated that there are more than 130 billion pennies in circulation.

● Penny blanks are made in Tennessee, then minted in Philadelphia and Denver. Cent coins minted in Denver carry the "D" mint mark near the date. Because Philadelphia was the first mint, its coins do not carry identification.

● The Lincoln penny features Abe on both sides — Brenner's familiar bust on the obverse (front) and the seated Abe statue within the Lincoln Memorial on the reverse.

● In 1993, a Vermont woman told USA Today that she had tiled her bathroom floor with 12,000 pennies and it only cost her \$120.

● A penny will get you 12 minutes of parking time at parking meters in Hinsdale.

● A penny will still buy you a one-cent U.S. postage stamp.

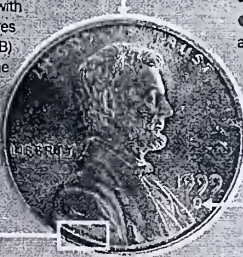
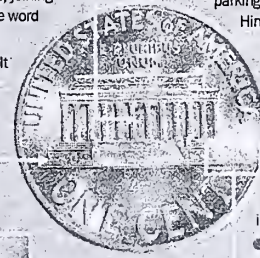
● According to the Coin Coalition, an anti-penny group, 25 percent of the pennies produced yearly end up in landfills.

● On an average day, 800,000 pennies are tossed into toll-booth

baskets on Illinois Tollways.

● Empty your penny jar: A 1914 D one-cent piece in mint condition could be worth \$1,300, says a numismatic expert; a piece in less than mint condition could be worth \$80. Possibly the single most valuable one-cent piece is a 1909 S mint with large VDB initials in circulating condition. Its possible value? \$350.

Compiled by Judy Hevrdejs
Sources: U.S. Mint, Tribune archives



ALSO IN TEMPO

MR. RELIABLE

In musical theater, Marc Robin is everyone's first choice



Lawmaker wants pennies to disappear

By Tynlsa E. Trapps
Los Angeles Times

WASHINGTON — To Rep. Jim Kolbe, pennies represent a waste of space.

They're inefficient, bothersome, nearly worthless. And, if Kolbe, R-Ariz., has his way, the coins would be largely taken out of circulation.

Kolbe has introduced a bill in Congress to greatly reduce the use of pennies in daily transactions. Under the proposed legislation, all sales in retail establishments would be rounded up or down to the nearest nickel, theoretically lightening the load of spare change jingling in the purses and pockets of America.

"People take pennies and either throw them into a jar or a can at home or leave them at a dish at the checkout counter," Kolbe said. "Pennies' only real purpose is for sales tax calculating."

The Legal Tender Modernization Act, introduced July 17, is Kolbe's plan to update not just the penny but other U.S. currency. It calls for a rounding system for penny usage: Merchandise that costs \$4.53, for example, would be rounded up to \$4.55. An item that costs \$4.52 would be rounded down to \$4.50. Pennies would still be legal to exchange, and credit card and money order charges would continue to be for the exact amount.

The bill also calls for designing commemorative \$2 bills to be issued over a five-year period, similar to the current commemorative program for quarters, and it would prohibit the redesign of the \$1 bill because it is not as susceptible to counter-

"People take pennies and either throw them into a jar or a can at home or leave them at a dish at the checkout counter."

— Rep. Jim Kolbe, R-Ariz.

feiting as bills of larger denominations. The measure also would authorize the Bureau of Engraving and Printing to print currency, postage stamps and other documents for foreign governments as long as it did not interfere with U.S. needs and was consistent with U.S. foreign policy.

As for the penny proposal, Kolbe maintains that it "favors neither the consumer nor the retailer because the probability of rounding up or down is 50 percent either way — it would all come out even in the end."

But the lowly penny has its defenders.

Americans for Common Cents, a lobbying coalition, said the penny is a valuable asset to the economy, particularly for consumers who are thrifty. The coalition represents more than 50 organizations that either support or benefit from keeping the penny in the U.S. coin system, including various charitable and coin-collecting organizations and the zinc industry. (Once composed of copper, pennies are now made mostly of zinc.)

"Every penny does count," said Mark Weller, executive director of the Washington-based

coalition. "A large number of people out there ... really watch their budgets closely, and the penny in pricing does matter."

Weller said that by forcing merchants to round prices to the nearest nickel, the economy would be adversely affected, because prices would increase in some cases. Noting that many charities and lower-income families rely on spare change, Weller said consumers could "be hit with a \$600 million 'rounding tax' every year without a circulating penny."

But Kolbe said concerns over increased prices and taxes are invalid since the U.S. Mint would make fewer pennies and save money in transportation and distribution.

The U.S. Mint produced 14.3 billion pennies last year, a little more than half of all 28.1 billion coins minted. Mike White, a spokesman for the mint, said it costs eight-tenths of a cent to make a penny, but sales to the U.S. Treasury brought in \$29 million in 2000.

"It's profitable," White said. "People see it as a real symbol of our economical stability."

Some penny lovers want to keep the coin, if only for its sentimental value.

Musee Mecanique, an arcade near the Cliff House restaurant in San Francisco, is one of a few amusement centers that still offers penny-operated machines. Most of the arcade's assortment of baseball skill games and hand-cranked machines that play silent films have been put in storage or upgraded. But the cost of the "love-teller" machine, which measures how "hot" patrons are, remains just a penny.

"If something is old enough



Los Angeles Times

Rep. Jim Kolbe, R-Ariz., has proposed legislation that would greatly reduce the need for pennies.

it has a nostalgic value to it," said Dan Zelinsky, a manager of the arcade. "If I have to, I'll keep a sack of my own pennies and continue to recycle them instead of taking them to the bank."

Kolbe, 59, shares some sentimentality for the penny. As a boy, he said, he would go to the general store in his hometown of Patagonia, Ariz., and buy penny candy after school.

But the congressman says

that, though many may have similar childhood experiences, the coins can't "linger around forever."

The bill has been assigned to the House Financial Services subcommittee, and Kolbe acknowledges that its prospects are uncertain. But he said eliminating pennies in transactions is "common sense."

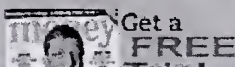
"It's been a great friend," he said, "but we don't have any need for it anymore."

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From the editors of CNN and MONEY magazine

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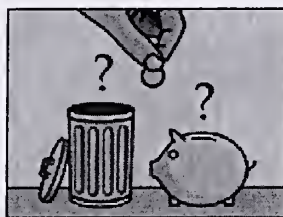
Personal Finance

Should the penny go?

The future of the one-cent coin has everyone arguing.

April 11, 2002: 4:50 PM EDT

By Annelena Lobb, CNN/Money Staff Writer



NEW YORK (CNN/Money) - If you think a mere penny couldn't start much of a debate, think again. Arguments about the coin's future have lobbyists up in arms and has sparked a bill on Capitol Hill. The penny's potential fate even made it onto an episode of NBC's "The

West Wing."

Everyone has to put in their two cents (sorry): Penny haters argue the coin is obsolete and costs more to make than it's worth. They think rounding purchases to the nearest nickel makes a better alternative (you'd pay a buck for 99-cent paper towels, and so on).

But supporters say the penny has a loyal fan base. A survey by Coinstar, a company that makes coin-exchange machines, said 65 percent of people polled favored keeping the penny in circulation. And some lobby groups -- [Americans for Common Cents](#) is just one -- say the rounding system would rip people off.

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Still, you can't use a penny in most vending machines, or to pay your fare on most public transportation. If you pull out a handful of pennies to pay for something, you'll probably invite the scorn of the vendor, to say nothing of the people behind you in line.

Has the penny outstayed its welcome? (Take the poll to log your opinion and to see what other people think -- [vote here.](#))

The p enny problem

Representative Jim Kolbe (R-Ariz.), who proposed the Legal Tender Modernization Act, leads the charge against the penny in Congress. A senior member of the House Appropriations Committee, Kolbe has worked extensively on U.S. currency concerns, such as introducing the dollar coin.

At the center of his argument is the idea that making pennies costs more than the coins are actually worth.

"There's no profit whatsoever

— ADVE
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from making pennies, though the U.S. Mint will probably disagree," said Neena Moorjani, a spokesperson from Kolbe's office.

Indeed, the U.S. Mint does dispute the claim: It says making each penny costs about 0.81 of a cent, while it collects a whole cent for each one. The Mint's total profit on the penny: about \$24 million a year.

"Penny manufacturing costs have gone up or down at times, but have been fairly steady the past few years," said Michael White, a spokesperson for the Mint.

Maybe, but pennies may add other costs, albeit less quantifiable ones. Jim

Benfield, a spokesperson for the [Coin Coalition](#), a lobby that wants the penny banished, thinks consumers ultimately pay for: 1) wrapping charges (the store pays about 60 cents for each roll of 50 pennies); 2) lost store productivity from penny users slowing the checkout line; and 3) lost wages paid to clerks counting pennies in the register on each shift.

"There's just a glut of pennies, and the U.S. Mint continues to crank more of them out," Benfield said. "Get rid of them."

Conflicts of interest

Each faction casts doubt on the other's math skills -- and the other's political supporters, as well.

Americans for Common Cents supports the idea that a rounding system would force prices up. They cite research by Raymond Lombra, an economics professor at Penn State University, who said a rounding bill would force an annual \$600 million "rounding tax" on consumers.

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But the Coin Coalition said this study largely used items found in convenience stores, with prices ending mostly in 9. They argue that if you bought a bunch of items, then added in sales tax, you'd have a 50-50 shot at getting a price of, say, \$15.82 -- which would round down for a savings of 2 cents.

"Their study presupposes you're only going to buy one item and that whatever you're buying isn't taxable. They've conveniently ignored multiple purchases and the randomizing effect of taxes,"

FACTS & FIGURES

Number of pennies made last year: **10.3 billion**

Number of nickels made last year: **1.3 billion**

Pennies were made of **100%** copper
from 1793 to 1837

The Lincoln cent was issued in 1909, for the
100th anniversary of his birth

The penny featured an American
Indian princess from 1859 to 1909

Lincoln is the only President who
faces right on a coin

Look closely at the tails side, & you'll see
Lincoln's statue inside the Memorial

Approximate life span of
a penny: **30 years**

Cost of making a penny: **.81** of a cent

Source: U.S. Mint

said Benfield.

And many note the interests of the copper and zinc industries. Pennies are made of 97.5 percent zinc, with a copper coating. To confuse you further, nickels aren't made of nickel -- they're actually made of 95 percent copper.

"Kolbe is from Arizona, the largest-copper producing state. The nickel is made predominantly of copper, as is the dollar coin, which he also supports. If we introduced a rounding bill, we would need more nickels. The whole proposal is special-interest lobbying at its worst," said Mark Weller, president of Americans for Common Cents.

The folks at the Coin Coalition counter that the zinc industry funds Americans for Common Cents.

So, which side will win the penny wars? It's ultimately in the hands of Congress, which must issue legislation if it wants to stop penny production. So far, the future looks good for penny fans: the U.S. Mint has already made over 1 billion pennies this year, and hasn't received any order to stop, said White, the U.S. Mint spokesperson.

"We're just following orders from Congress," White said. "They haven't issued any legislation about discontinuing the one-cent coin, so we keep making them." ■

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THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

Penny pinchers

The Boston Globe

Once a proud token worth saving and earning, the cent is now often tossed aside - and, increasingly kidnapped by cashiers

By Ric Kahn, Globe Staff | October 9, 2005

Pity the poor penny.

Once, it had swagger. With a pedigree dating back to 1787, it was feted as the first currency authorized by the United States. As a money symbol, it was deemed as rock-solid as the presidential jaw of Abraham Lincoln, which first appeared on it in 1909. Boston's own Paul Revere, resident silversmith, supplied some of the copper for those bygone pennies.

Now, everywhere you turn around town, the zinc-and-copper one-cent piece is taking it on the chin: Shoved out of the economic picture by charge cards. Flung into the trash by people who think it's mucky and worthless. Hijacked by cashiers who assume you're among the 27 percent of Americans who don't even keep track of their loose change, according to a May 2005 survey conducted by Coinstar, providers of the self-service machines that help convert coin into paper money.

And so, as you handed the South End cashier two dollars and ten cents for a \$2.09 cappuccino the other day, you wondered: What would she do with the penny? Tip herself by keeping the change? Or return it to its rightful owner?

Would you feel like a cheapskate, having to ask for your penny back? Or a chump, who let another penny slide away into someone else's pocket? The awkward silence between strangers clung to the air. You were not optimistic about freeing Abe from her clutches.

After all, members of the penny's extended family -- nickels, dimes, quarters, silver dollars -- are also facing hard times.

The other day, you saw a young woman in Brookline pay for a 79-cent bagel with a debit card. In Cambridge, officials last week unveiled parking meters that take charge cards. As we continue our transition into a cashless society, the payment-card tracking firm CardWeb.com says credit and debit card transactions under \$10 hit \$35.5 billion last year, more than six times the use of plastic for small transactions purchases in 2000.

Along a penny lane that was once pristine, you now discovered many who found it easy to despise the cent above all other coins.

At the 7-Eleven in Oak Square, Brighton, you ran into a 40-year-old fitness instructor named Peter Lavelle.

"I have a thing about pennies," Lavelle told you.

He hates them.

"They're more hassle than they're worth, the space they take up versus their value," he said. "In my pocket. In my car. Wherever. They're dirty."

Lavelle was buying eggs and Gatorade, a \$4.08 purchase. He pulled out a \$5 bill and fumbled around for change, but only had a nickel. Seeing that, the cashier gave him back \$1 and scooped three pennies from the Leave-a-Penny Take-a-Penny tray on the counter, one of those ubiquitous containers that treat pennies like lepers by separating them from the rest of the colony of coins.

Lavelle said that whenever he gets stuck with pennies, he, too severs them from the rest of his coinage, and puts them in a special place.

"I throw them in the trash," he said.

On the Internet, you were introduced to a group called "Citizens for Retiring the Penny," which advocates rounding off

prices to the nearest nickel, as have some members of Congress. The group was founded by a 1999 MIT graduate named Jeff Gore.

"The point of currency is to facilitate transactions," Gore, 27, told you by phone. "People fishing in their pockets. The cashier has to open a new bag of pennies. For me, it's the waste of time I object to."

Gore is a busy guy. As a graduate student in physics at the University of California at Berkeley, he has tackled topics such as "Single Molecule Investigations of the Mechanochemical Cycle of DNA Gyrase."

However, Gore did find the time to come up with this calculation, posted on the group's website:

"The National Association of Convenience Stores and Walgreens drug store chain estimated that handling pennies adds 2 to 2.5 seconds to each cash transaction (remember that we are including the occasional customer who spends 30 seconds looking for the penny in his pocket). Let us estimate that each person goes through three of these transactions per day and that on average there is one person waiting in line (making for a total of three people's time wasted in each transaction). We can then calculate that the presence of pennies wastes (3 transactions/day) X (2.25 seconds/transaction) X (3 people per transaction) = 20 seconds per day. Probably only about half of the wasted time is directly connected with a cash transaction, giving a total of 40 wasted seconds per day per person. This may not seem like a lot, but it translates to $40 \times 365 / 3600 = 4$ hours per person per year. If each person's time is worth \$15/hour then we arrive at the conclusion that each person is losing \$60 per year, at a cost to the nation of over \$15 billion per year. . . ."

On the other side of the coin, Edmond Knowles figures he has saved an average of about 90 pennies a day for the last 38 years: On his counter, in jugs, and finally in 55-gallon drums in his garage.

In June, an armored car picked up his 4.5 tons of spare change, and had it recycled through Coinstar.

That would be 1,308,459 pennies, or \$13,084.59.

"My daddy always said, 'A penny saved is a penny earned,' " Knowles, 62, told you by phone from his service station in Flomaton, Ala. -- population 1,500.

Knowles said the money's already gone, used to help pay bills.

"I didn't take no vacation in Jamaica," he said.

Like Knowles, many of our children also have not been tainted by the growing anti-penny prejudice. At the end of this month, they'll collecting candy for themselves and pennies for UNICEF.

During the last fiscal year, in the US, their trick-or-treating helped rake in more than \$902,416 in coins for UNICEF, out of a total of more than \$4.7 million. More than \$35,000 worth of the coins came from Boston, according to UNICEF. The kids learn the power of pennies: that 30 of them can provide lifesaving antibiotics for a child suffering from pneumonia; 12 can purchase a dose of vaccine to immunize a child against polio; 6 cents is the price of a packet of salts mixed with safe water to help children with diarrhea fight dehydration.

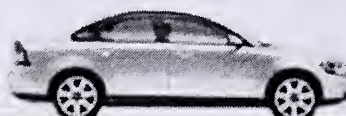
Meanwhile, it looks like old Abe is trying to fight through all the naysaying and mount a comeback. There's proposed legislation in Congress that would authorize that pennies with a series of likenesses of Lincoln be issued on the "tails" sides of the coins in 2009, the bicentennial of his birth.

Back at the South End coffee bar waiting for the penny back from the \$2.09 tab, the uneasy stillness hung around the counter like steam from an espresso. Then the cashier smashed the calm by firmly closing her register.

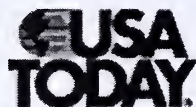
"Have a nice day, OK," she smiled, sending you sheepishly on your way as she locked the 16th president in her drawer. ■

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Why keeping the penny no longer makes sense

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By Robert Whaples

Here's a startling fact: Because of the soaring price of zinc, it now costs nearly a penny-and-a-half to produce a penny. If the U.S. Mint were a for-profit business, the next step would be pretty automatic — it would shut down penny production or quickly reduce the penny's cost by changing its content. The Mint, however, has the luxury of considering what is best for the country as a whole in making such a momentous decision.

What is in the interest of the nation? It should discontinue minting the dear old penny.

In fact, economists of all political stripes have concluded it's time to get rid of the penny even if the Mint could make it at zero cost. On the left, Princeton's Paul Krugman puts it this way in the introductory textbook he co-authored, *Economics*: With average wages now at \$17 per hour, a penny is "equivalent to just over two seconds of work — and so it's not worth the opportunity cost of the time it takes to worry about a penny more or less." The rising value of our time "has turned a penny from a useful coin into a nuisance."

Harvard's Greg Mankiw, former chairman of President Bush's Council of Economic Advisers, has said: "When people start leaving a monetary unit at the cash register for the next customer, the unit is too small to be useful." However, groups such as Americans for Common Cents worry that customers will be ripped off if Congress kills the penny. In a penny-free world, sellers would round your bill to the nearest nickel. Cash purchases totaling \$9.98 or \$9.99, for example, would be rounded up to \$10, while those equaling \$10.01 or \$10.02 would be rounded down to \$10.

I recently calculated the magnitude of this "rounding tax" after obtaining data on nearly 200,000 transactions from a multistate convenience store chain. The data reveal that the "rounding tax" is a myth. In reality, the number of times consumers' bills would be rounded upward is almost exactly equal to the number of times that they would be rounded downward. It turns out that customers would have actually gained about 1 cent for every 40 purchases, and both poor-neighborhood buyers and rich-neighborhood buyers would have gained a minuscule amount.

The bottom line is that it's not just the Mint that's losing money on pennies. The Federal Reserve, banks, retailers and customers lose millions more because of the costs of toting around and handling these nearly worthless coins. Time is money, and conservative estimates of the value of our time lost using pennies exceed \$300 million per year.

Aficionados will counter that the Lincoln penny is almost as much of an American emblem as the Statue of Liberty. Liberty, however, has aged with grace from a shiny copper statue to a majestic verdigris icon. Time and inflation have not been as kind to the penny. When the half-penny was retired in 1857, it was worth about 1/18th of the average hourly wage of a common laborer. The equivalent fraction of today's minimum wage is about 28 cents. Paradoxically, few complained about the elimination of the half-penny in 1857, yet there is so much misguided concern about the loss of today's penny.

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If our nation wishes to continue to celebrate Abraham Lincoln, we could always drop the penny and put him on the dollar coin, which could become more common since cash drawers would have an open slot. The United States Government Accountability Office estimates that we could gain potentially another \$500 million per year by replacing the paper dollar with a widely used, durable dollar coin.

Goodbye, Lincoln penny. You served us well, but your time has passed.

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